

Message Text

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PAGE 01 STATE 007401

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ORIGIN COME-00

INFO OCT-01 ARA-10 ISO-00 EB-07 AGR-10 RSC-01 /029 R

66602

DRAFTED BY: COMM/OIM/LAD:TKBREWER

APPROVED BY: EB/OCA/REP:JBRABENS

COMM/OIM/LAD:BJCAHILL

COMM/OIM/MRD:NSBASSETT

ARA/INC:TSONANDRES (INFO)

----- 012433

R 131702Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

UNCLAS STATE 007401

E.O. 11652: N/A

TAGS: BEXP, VE

SUBJECT: MARKET RESEARCH -- AGRICULTURAL MACHINERY AND
EQUIPMENT

REF: (A) A-4287, 5/20/74

(B) CARACAS 11220, 11/12/74

(C) CARACAS 12319, 12/13/74

1. SUMMARY: CONTRACTOR SUBMISSION IS PRIMARILY A
PRESENTATION OF WHAT IS PRODUCED AND SUPPLIED. THERE IS
ALMOST COMPLETE LACK OF TREATMENT OF DEMAND. IMPORTS ARE
TREATED ALMOST EXCLUSIVELY IN TABLES OF APPENDICES WITH
LITTLE TEXTUAL REFERENCE TO SALES PROJECTIONS OR RATIONALE
FOR EXPECTED LEVEL OF SALES. INCOHERENT NATURE AND IN-
SUFFICIENT NATURE OF REPORT SEVERELY LIMIT USEFULNESS.
IMPORTANT SECTIONS COPIED FROM 1972 COMMERCE PUBLISHED
RESEARCH WITHOUT UPDATE. MAJORITY MARKET RESEARCH DATA
REQUIRED IN SPECIFICATIONS OMITTED FROM REPORT. SPECIFIC
DISCREPANCIES FOLLOW:

2. ALL DATA INVOLVING OUTLOOK FOR U.S. SALES (REF A,
ENC. 1, P.7) COPIED FROM COMMERCE EMD 72-108, DECEMBER 1972,
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AGRICULTURAL MACHINERY AND EQUIPMENT -- VENEZUELA. SOME

CHANGE IN SALES POTENTIAL COULD BE EXPECTED SINCE 1972, ESPECIALLY IN VIEW INCREASED RESOURCES AND GOV PLANS PROMOTE AGRICULTURE. RESEARCH DID NOT IDENTIFY PRODUCTS WITH (A) HIGHEST SALES POTENTIAL (B) GOOD SALES POTENTIAL OR PROVIDE RATIONALE FOR PRODUCT SALES POTENTIAL AS REQUIRED.

3. NO END USER ANALYSIS (REF A, ENC 1, P 8) IS PROVIDED OR AT LEAST NOT IN A COMPREHENSIVE MANNER WHICH WOULD IDENTIFY MAJOR SOURCES OF DEMAND OR SUBSTANTIATE MARKET FORECASTS OR PRODUCT IDENTIFICATION. AS PRESENTLY WRITTEN, IT IS NECESSARY TO RESEARCH THE RESEARCH TO GATHER BITS AND PIECES OF END USER DATA.

4. PROFILE OF DOMESTIC MARKET (REF A, ENC 1, P 9) ALSO COPIED FROM COMMERCE EMD 72-108. SECTION COULD BE MATERIALLY IMPROVED BY PROVIDING CURRENT INFORMATION ON SALES PROMOTION TECHNIQUES, RELATIVE IMPORTANCE OF SERVICE/DELIVERY AND PRICE/PAYMENT/CREDIT IN PURCHASING DECISION AND COMPETITION DUE REGIONAL (LAFTA/ANCOM) PREFERENCES.

5. MARKET RESEARCH DATA (REF A, ENC 1, P 10). CONTRACTOR PROVIDED ONLY TWO SECTIONS OF REQUIRED SIX SUBMISSIONS. ITEM C, TRADE, INDUSTRIAL AND PROFESSIONAL ASSOCIATIONS, IS SATISFACTORY. ITEM F, LIST OF PERSONS INTERVIEWED, IS SATISFACTORY IN FORMAT. HOWEVER, SPECIFICATIONS CALL FOR MINIMUM 25 INTERVIEWS. CONTRACTOR INTERVIEWED 21 INDIVIDUALS, BUT COVERED ONLY 15 COMPANIES OR ORGANIZATIONS. BELIEVE SCOPE AND QUALITY OF RESEARCH COULD HAVE BEEN IMPROVED BY ADDITIONAL INTERVIEWS.

6. DISCREPANCIES IN FIGURES SHOWN FOR PRODUCT IMPORTS ARE FREQUENT--AN EXAMPLE OF THIS ARE THE STATISTICS SHOWN FOR IMPORTS OF U.S.--BUILT TRACTORS:

A) TABLE VIII, PAGE 19 LISTS JOHN DEERE, ONLY ONE U.S. MANUFACTURER, AS HAVING A 29.2 PERCENT SHARE OF EXISTING MARKET IN VENEZUELA IN 1973.

B) LAST PARAGRAPH IN F, PAGE 22, STATES THAT OUT OF TOTAL IMPORT FIGURE FOR TRACTORS TO VENEZUELA--ONLY 20 PERCENT ARE UNCLASSIFIED

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IMPORTED FROM THE U.S.

C) APPENDIX XIV, TABLE I: U.S. SHARE OF TRACTOR MARKET IS SHOWN AS 18.28 PERCENT OF TRACTORS UNDER 6,000 KILOS AND 81.51 PERCENT OF UNSPECIFIED. COMBINING DOLLAR VALUES OF THESE TWO CATEGORIES SHOWS IMPORTS OF TRACTORS FROM U.S. AT DOLS 3.1 MILLION WITHIN TOTAL MARKET OF DOLS 6.5 MILLION OR 47 PERCENT OF IMPORT MARKET.

NOTE: FIGURES SHOWN FOR PROJECTED TRACTOR SALES SEEM TO HAVE LITTLE BASIS--IS THIS CONJECTURAL DEMAND BASED ON FUTURE GOV POLICIES?

7. PAGE 23 PROJECTS A REDUCED MARKET SIZE FOR POULTRY DEFEATHERERS AND VISCERATORS, YET SALES MARKET FOR POULTRY GROWS AT A RATE OF 12 PERCENT A YEAR. THIS SEEMS INCONSISTENT. PAGE 23 ALSO HAS TABLE DEALING WITH INSTALLED CAPACITY OF INCUBATORS--WITHOUT TEXTUAL REFERENCE TO PRODUCT.

8. FREQUENTLY TEXT IS AMBIGUOUS: PAGE 31, PARA 2, "THERE WILL BE NO SHARP DEMAND OF DAIRY MACHINERY EQUIPMENT BECAUSE ...", WHILE PARA 3 STATES "WHERE THERE IS DEMAND FOR MILKING MACHINES IS IN THE MARKETING OF RECEPTION PLANTS. SENTENCE AT BOTTOM OF PAGE 32 MEANS NOTHING IN SENSE OF NUMBER OR QUANTITY OF POTENTIAL SALES: "THE APPROXIMATE DEMAND FOR BULK COOLING TANKS IS THAT OF 2,000 GALLONS AND 5,000 GALLONS RESPECTIVELY.

9. THE SECTION ON GRAIN ELEVATORS BEGINNING ON PAGE 36 IS LARGELY INCOHERENT AND MEANINGLESS. THERE IS NO MENTION OF DEMAND AND THE STATISTICS ARE ENTIRELY THOSE OF SWISS/ GERMAN EXPORTS. LINE 1 OF PAGE 36 STATES THESE PRODUCTS ARE NOT MANUFACTURED IN VENEZUELA, YET LINE 16 INDICATES THERE IS DOMESTIC PRODUCTION.

10. ACCORDING TO TABLE I OF APPENDIX XIV, ITALIAN TRACTOR EXPORTS TO VENEZUELA IN 1973 HAD A VALUE OF DOLS 8.6 MILLION, CONSIDERABLY GREATER THAN TOTAL IMPORT VALUES IN CATEGORY A FOR THAT YEAR OF DOLS 3.5 MILLION.

11. TABLE I OF APPENDIX XIX APPEARS TO BE ALMOST WITHOUT UNCLASSIFIED

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VALUE. IN NO INSTANCE ARE FIGURES GIVEN FOR DOMESTIC PRODUCTION, EXPORTS OR APPARENT CONSUMPTION. THERE ARE NO DATA FOR 8 OUT OF 16 PRODUCT AREAS SHOWN.

12. BELIEVE ATTENTION ABOVE OMISSIONS AND THOSE CITED REF B COVER MAJOR WEAKNESSES IN RESEARCH. SUGGEST POST CONSULT CONTRACTOR FOR SUCH FURTHER REFINEMENT AS CAN BE OBTAINED. REGRET DELAY IN COMMERCE REVIEW OF RESEARCH. FINAL PAYMENT TO BE WITHHELD UNTIL COMMERCE RECEIPT AND APPROVAL SATIS- FACOTORY SUPPLEMENTAL REPORT. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE007401
Document Source: CORE
Document Unique ID: 00
Drafter: COMM/OIM/LAD:TKBREWER
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750013-0020
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750156/aaaabxlm.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 A-4287, 75 5/20/74
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by MarshK0>; APPROVED <17 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARKET RESEARCH -- AGRICULTURAL MACHINERY AND EQUIPMENT
TAGS: BEXP, VE
To: CARACAS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006